

CDBG PROGRAM

SPECULATIVE INDUSTRIAL BUILDING LOAN

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

Assist in the location of new companies to Missouri communities and the creation of new full-time jobs primarily for low to moderate income (LMI) persons.

AUTHORIZATION

42 USC § 5301 et seq., 24 C.F.R. Part 570; and Missouri's "Consolidated Plan" submitted to the U.S. Department of Housing and Urban Development.

HOW THE PROGRAM WORKS

The Department of Economic Development (DED) will make a deferred loan to a not-for-profit development corporation.

ELIGIBLE AREAS

Projects can only be in a "non-entitlement" area -
- a city under 50,000 in population or a county under 200,000 in population.

ELIGIBLE APPLICANTS

Cities and counties.

ELIGIBLE USE OF FUNDS

The acquisition and rehabilitation of an existing building, the construction of a new building, and land acquisition and on-site infrastructure related to the building. Refinancing, marketing costs and administrative costs are not eligible.

APPLICATION PROCEDURE

Prior to submitting an application, the city or county must complete a needs assessment and hold a properly noticed public hearing.

FUNDING METHOD

- A Loan Agreement is executed between the not-for-profit development corporation, DED, and the city/county sponsor.
- **Interest Rate:** 1% APR

- **Term:** The loan cannot exceed 30 months from the day of the first draw of loan proceeds.
- **Collateral:** An irrevocable letter of credit from an accredited financial institution for principal and interest, expiring no earlier than 30 days from the maturity date of the loan.

FUNDING LIMITS

The borrower must have exhausted all other funding sources. The loan is limited to the lesser of \$1,000,000 per project or \$25,000 per new full-time year-round job.

SPECIAL PROGRAM REQUIREMENTS

- **LMI Employees:** At least 51% of the new jobs to be created must be filled by persons considered "low to moderate income" (LMI).
- **Prevailing Wage Requirement:** If loan proceeds are used for the financing of building construction or the installation of machinery, prevailing wages must be paid to the employees of the contractors.

CONTACT

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ADDITIONAL RESOURCES

Go to the department's home page at www.missouridevelopment.org to obtain guidelines and forms for the CDBG Speculative Industrial Building Loan Program as well as a wealth of information regarding Missouri's many other economic development programs and policies.